



LAKE MICHIGAN[®]
C O L L E G E

OFFICE OF THE PRESIDENT
DR. ROBERT P. HARRISON

September 18, 2014

Chairman Nesbitt and Members of the Committee
Michigan House of Representatives
PO Box 30014
Lansing, MI 48909-7514

Chairman Nesbitt and Members of the Committee:

I am writing in support of **House Bill No. 5806**.

This bill would provide needed changes to Energy Savings Performance Contracting (ESPC) to allow Michigan colleges greater flexibility to meet fiscal challenges while gaining energy and operating efficiencies in capital improvement projects.

As you know, an ESPC is a partnership between an organization and an energy service company (ESCO). The ESCO conducts a comprehensive energy audit of the facilities targeted for improvement and identifies enhancements to save energy. In collaboration with the organization, the ESCO designs and constructs a project that meets the organizational needs and fulfills the energy efficiency targets; the ESCO may also arrange the necessary funding. The ESCO guarantees that the improvements will generate energy cost savings to pay for the project over the term of the contract. After the contract ends, all additional cost savings accrue to the organization.

House Bill No. 5806 would allow Michigan colleges to have longer-term ESPC projects so they could include longer-life improvements such as roofs, windows and geothermal. It also allows colleges themselves to make capital contributions to ESPC projects so they can make significant infrastructure improvements above that which may be achieved strictly with energy, operational and maintenance savings. Finally, it would also allow items that are not strictly "energy savings" such as meters to be included in the projects.

If **House Bill No. 5806** passes, Michigan will join the majority of U.S. states that have or are considering ESPC legislation that supports an expanded array of energy efficiency and related